

**FULTON COUNTY CENTER
FOR REGIONAL GROWTH, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

CONTENTS

	<u>PAGE</u>
<u>FINANCIAL STATEMENTS</u>	
Independent auditors' report.....	1 – 2
Statements of financial position	3
Statements of activities and changes in net assets	4
Statements of functional expenses	5
Statements of cash flows	6
Notes to financial statements.....	7 – 12



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fulton County Center for Regional Growth, Inc.
Gloversville, New York

We have audited the accompanying financial statements of the Fulton County Center for Regional Growth, Inc., (a nonprofit organization) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fulton County Center for Regional Growth, Inc., as of December 31, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

WEST & COMPANY CPAs PC

Gloversville, New York
March 25, 2020

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

- <u>ASSETS</u> -	<u>2019</u>	<u>2018</u>
ASSETS:		
Cash	\$ 482,391	\$ 552,710
Cash - restricted	60,453	34,661
Receivables	7,575	91,191
Accrued revenue	27,853	22,730
Prepaid expenses	1,355	2,002
	<hr/>	<hr/>
Total current assets	579,627	703,294
PROPERTY AND EQUIPMENT - NET	340,718	350,401
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 920,345</u>	<u>\$ 1,053,695</u>
- <u>LIABILITIES AND NET ASSETS</u> -		
LIABILITIES:		
Accounts payable	\$ 6,355	\$ 2,427
Accrued expenses	20,065	18,500
Deferred revenue	56,495	109,034
	<hr/>	<hr/>
Total liabilities	82,915	129,961
NET ASSETS:		
Without donor restrictions	837,430	923,734
	<hr/>	<hr/>
Total net assets	837,430	923,734
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 920,345</u>	<u>\$ 1,053,695</u>

See accompanying notes.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
REVENUES		
Program income	\$ 254,328	\$ 216,632
Administrative revenue	23,576	67,276
Management fee income	2,394	3,553
Rental income	17,425	62,960
Contributions	121,015	53,389
Membership dues	53,567	22,914
Miscellaneous	26,074	25,538
	498,379	452,262
EXPENSES		
Salaries and wages	254,008	238,443
Payroll taxes and fringes	60,548	58,005
Occupancy	100,596	73,632
Marketing and advertising	99,365	131,939
Office expenses	19,083	22,179
Professional fees	34,675	20,865
Insurance - general	14,794	6,097
General and administrative	1,614	1,410
	584,683	552,570
CHANGE IN NET ASSETS	\$ (86,304)	\$ (100,308)
NET ASSETS AT BEGINNING OF THE YEAR	\$ 923,734	\$ 1,024,042
Change in net assets for the year	(86,304)	(100,308)
NET ASSETS AT END OF THE YEAR	\$ 837,430	\$ 923,734

See accompanying notes.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2019 AND 2018

EXPENSES	2019		Totals
	Program Activities	Management and General	
Salaries and wages	\$ 221,419	\$ 32,589	\$ 254,008
Payroll taxes and fringes	52,780	7,768	60,548
Occupancy	90,536	10,060	100,596
Marketing and advertising	99,365	0	99,365
Office expenses	9,542	9,541	19,083
Professional fees	13,773	20,902	34,675
Insurance - general	7,397	7,397	14,794
General and administrative	0	1,614	1,614
TOTAL EXPENSES	\$ 494,812	\$ 89,871	\$ 584,683

EXPENSES	2018		Totals
	Program Activities	Management and General	
Salaries and wages	\$ 199,835	\$ 38,608	\$ 238,443
Payroll taxes and fringes	48,613	9,392	58,005
Occupancy	66,269	7,363	73,632
Marketing and advertising	131,939	0	131,939
Office expenses	1,811	20,368	22,179
Professional fees	0	20,865	20,865
Insurance - general	0	6,097	6,097
General and administrative	0	1,410	1,410
TOTAL EXPENSES	\$ 448,467	\$ 104,103	\$ 552,570

See accompanying notes

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (86,304)	\$ (100,308)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Non-cash charitable contribution	(8,708)	(4,494)
(Increase) decrease in:		
Receivables	83,616	7,568
Prepaid expenses	647	2,242
Accrued revenue	(5,123)	(19,517)
Increase (decrease) in:		
Accounts payable	3,928	(15,082)
Accrued expenses	1,565	961
Deferred revenue	(52,539)	3,365
	<u>(62,918)</u>	<u>(125,265)</u>
Net cash (used) by operating activities		
	<u>(62,918)</u>	<u>(125,265)</u>
CASH FLOWS FROM INVESTING ACTIVITY		
Capital expenditures	<u>18,391</u>	<u>14,202</u>
	<u>18,391</u>	<u>14,202</u>
Net cash provided by investing activity		
	<u>18,391</u>	<u>14,202</u>
NET (DECREASE) IN CASH	(44,527)	(111,063)
CASH UNRESTRICTED AND RESTRICTED - BEGINNING	<u>587,371</u>	<u>698,434</u>
CASH UNRESTRICTED AND RESTRICTED - ENDING	<u>\$ 542,844</u>	<u>\$ 587,371</u>

See accompanying notes.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 1 – NATURE OF OPERATIONS

The Organization

The Fulton County Center for Regional Growth, Inc. (CRG or Organization collectively) was incorporated under the not for profit laws of the State of New York on March 2, 2012.

On July 3, 2019, the Organization formed FCCRG Projects, LLC under the laws of the State of New York. This entity is a wholly owned limited liability company. As such it is treated as a disregarded entity for financial and tax reporting purposes and is included in the financial and tax reports of The Fulton County Center for Regional Growth, Inc.

Activities

CRG's primary purpose is to promote economic development within Fulton County, New York and its neighboring communities. It does this primarily through the marketing, promotion and education along with the administration of governmental grants, projects and loan pools, in cooperation with Gloversville Economic Development Corporation, Mohawk Valley Economic Development District, Inc., New York Business Development Corporation, New York State Empire State Development, Corp., Statewide Zone Capital Corp. and Fulton County Industrial Development Agency, among others, from its 37,250 square foot facility at 34 West Fulton Street in Gloversville, New York, and also includes promoting Fulton County Projects through:

Primary Development Areas:

Tryon – This tract is a 100 plus acre tract of land in Fulton County owned by Fulton County Industrial Development Agency. This tract of land is available for sale and development.

Hales Mills – This tract is a 490 plus acre tract of land in the town of Johnstown, Fulton County and is owned by two property owners in the Hales Mills Development District. This tract of land is available for sale and development.

Vails Mills – This tract offers opportunities for infill development in the Hamlet of Vails Mills located at the intersection of state routes 29 and 30.

Shovel Ready Sites:

Tryon Technology Park – This Park is located on 515 acres at 881 County Highway 107, in the towns of Perth and Johnstown, New York and is administered by the Fulton County Industrial Development Agency. It is a former state facility and is being redeveloped for industrial usage.

Crossroads Business Park – The Park, located on South Kingsboro Avenue Extension adjacent to the Walmart retail facility, contains 70 acres, of which 5 acres are industrially developed. It is designed for professional and industrial usage with retail use available. The Park is sponsored by the City of Gloversville.

Crossroads Industrial Park – The Park is located on Route 29A and Harrison Street Extension. It is funded by the U.S. Economic Development Administration (EDA), Fulton County and the City of Gloversville.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 1 – NATURE OF OPERATIONS – (CONTINUED)

Shovel Ready Sites – (Continued):

Johnstown Industrial Park – The Park, located on Route 30A in Johnstown, contains 125 acres, of which 65 acres are industrially developed. It contains the Walmart distribution facility, Benjamin Moore Paint, among others. The Park is sponsored by the City of Johnstown.

Financing:

Microenterprise Grant Program – This is to assist small businesses with up to \$25,000 in grants to assist with startup or expansion costs which create jobs in the Fulton County area.

Loans – There are direct revolving loan pools which the Organization administers to finance eligible project costs determined on a case by case basis. This includes the City of Gloversville Loan Fund, Johnstown Urban Development Action Grant Loan Fund, and the Fulton County Loan Fund.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

These financial statements have been prepared under the accrual method of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. The accounting principles under GAAP are defined by the Financial Accounting Standards Board (FASB) under the Accounting Standards Codification (ASC) as updated by Accounting Standards Updates (ASU). These financial statements are presented under the current applicable accounting and presentation standards.

Basis of Presentation

Net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's Board of Directors may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature where by the donor has stipulated that the funds be maintained in perpetuity. The Organization had no net assets with donor restriction as of December 31, 2019 and 2018.

Revenue Recognition

The Organization adopted ASC Topic 606, *Revenue from Contracts with Customers*, on January 1, 2019. The Organization's financial results for reporting periods beginning January 1, 2019, are presented under the new accounting standard. Based on the manner in which the Organization historically recognized revenue, the adoption of ASC Topic 606 did not have a material impact on the amount or timing of its revenue recognition and the Organization recognized no cumulative effect adjustment upon adoption.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Revenue Recognition – (Continued)

Program Revenue: The Organization has a contract with Fulton County to perform marketing and economic development services. As per the contract, the Organization is reimbursed for services provided and recognizes revenue as the terms of the contract are met.

Administrative Revenue: The Organization administers loan funds as noted in Note 1. Administrative revenue is recognized when loan activity occurs.

Rental Income: The Organization rents out office space on a monthly basis. Rental income is recognized when rent is received.

Membership Dues: The Organization receives membership dues. Revenue is recognized over the period of the membership.

Miscellaneous Income: The Organization classifies small grant revenue and interest income in miscellaneous revenue. The Organization receives small grants from time to time and recognizes revenue as it meets the grant terms and requests draw downs. Interest income is recognized as earned.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Conditional promises to give are recognized when the conditions upon which they depend are substantially met.

Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires from a stipulated time or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period they are received and reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings and equipment are reported as net assets without donor restriction upon the acquisition of the assets and the assets are placed in service.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid financial instruments purchased with maturities of 12 months or less to be cash equivalents. The Organization maintains cash balances at various banks. From time to time, the Organization's bank balances exceed federal deposit limits. Management considers this to be a normal business risk.

Restricted Cash

Restricted cash, which consists principally of cash and cash equivalents, represent amounts to be used for future lending within the restricted grant funds.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Investments

Net appreciation or depreciation in the fair value of investments, which consists of the realized gains or losses and unrealized appreciation or depreciation on those investments is presented in the statement of activities in accordance with donor restrictions as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains and losses.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. All significant assets with an estimated useful life beyond one year are capitalized. Depreciation is computed over the estimated useful lives of the assets using both straight-line and accelerated methods.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among activities determined by management on an equitable basis based upon time, effort and resource utilized.

Advertising Costs

All advertising costs are expensed as incurred. Total advertising costs as of December 31, 2019 and 2018 was \$99,365 and \$131,939, respectively.

Income Taxes

The Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code and similar provisions of New York State Regulations. As such, they are exempt from both federal and state income tax.

The Organization files tax exempt income tax returns in its U.S. federal jurisdiction and New York State. The Organization's returns for its years ended December 31, 2016, 2017, 2018 and 2019, are subject to U.S. federal and New York State income tax examination by tax authorities.

The Organization follows the provision of uncertain tax positions as addressed in the FASB ASC 740. The Organization has been granted tax exempt status, which management believes would be accepted upon examination by the taxing authorities. Management has determined that it currently has no other uncertain tax positions or unrecognized tax benefits to report for the year ended December 31, 2019.

The primary income tax position taken by the Organization for any years open under the various statutes of limitations are (1) that the Organization continues to be exempt from income taxes and (2) that the Organization does not have unrelated business income that would be subject to income taxes.

Contributed Services

The Organization receives a significant amount of donated services from unpaid volunteers, including officers and directors, who assist in the advancement of the corporation's programs, particularly in the area of fund raising. No amounts have been recognized in the statement of activities because the criteria for recognition under the provisions of FASB ASC 958-605 have not been satisfied.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Liquidity

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 482,391
Accounts receivable	7,575
Accrued revenue	27,853
Prepaid expenses	<u>1,355</u>
Total	<u>\$ 519,174</u>

The Organization has \$519,174 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Land, building, and building improvements	\$ 374,883	\$ 374,883
Computers and equipment	<u>0</u>	<u>850</u>
Total cost	374,883	375,733
Less: Accumulated depreciation	<u>(34,165)</u>	<u>(25,332)</u>
Property and equipment, net	<u>\$ 340,718</u>	<u>\$ 350,401</u>

Depreciation expense for the years ended December 31, 2019 and 2018, were \$9,682 and \$9,708, respectively.

NOTE 4 – CROSSROADS INCUBATOR CORPORATION

CRG shares facilities and staffing with Crossroads Incubator Corporation and Fulton County Economic Development Corporation and shares their mission of supporting economic development in Fulton County. Crossroads Incubator Corporation and Fulton County Economic Development Corporation are currently inactive. Crossroads Incubator Corporation filed for bankruptcy protection during 2019.

In addition, CRG reimburses CIC for certain employee wages related to time spent providing accounting and bookkeeping services for CRG. The Organization received \$2,394 and \$3,553 in management fee income from CIC during 2019 and 2018, respectively. CRG does not carry any balances due from or to these related parties.

FULTON COUNTY CENTER FOR REGIONAL GROWTH, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 5 – PENSION PLAN

CRG sponsors a defined contribution pension plan that covers substantially all employees who meet eligibility requirements. Contributions to the plan are discretionary and determined annually by the Board of Directors. Pension expenses were \$14,188 and \$13,108 for the years ended December 31, 2019 and 2018, respectively.

NOTE 6 – CONTINGENCIES

There are currently no lawsuits or actions outstanding other than in the ordinary course of business. In these matters, the Organization has retained legal counsel and believes it has sustainable positions, and no provision has been made in these financial statements for any potential effect of the outcomes.

Primary Sources of Revenue

The Organization receives a substantial portion of its annual revenue from its annual contract with Fulton County, New York.

NOTE 7 – CONCENTRATIONS OF CREDIT RISK

The carrying value of cash, accounts receivable, accounts payable, and accrued expenses approximate fair market value due to the short-term nature of these financial instruments. Financial instruments that potentially subject the Organization to a concentration of credit risk consist primarily of cash and accounts receivable.

CRG maintains its cash balances in various financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2019, the Organization's cash balances exceeded the insured limit by \$-0-.

Concentration of credit risk with respect to accounts receivable and accrued revenue is limited to certain customers to whom the Organization periodically makes substantial sales. The majority of the Organization's program revenue is from governmental sources.

NOTE 8 – FINANCIAL STATEMENT PRESENTATION

Certain amounts in the accompanying 2018 financial statements have been reclassified to conform to the 2019 presentation. The reclassifications had no effect on previously reported financial position.

NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through the date at which the financial statements were available for issuance. There are no reportable subsequent events.